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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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09/916,881

07/27/2001

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17209-339

8938

54205 7590 11/09/2009
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EXAMINER

LIVERSEDGE, JENNIFER L

ART UNIT

PAPER NUMBER

3684

MAIL DATE

DELIVERY MODE

11/09/2009

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 09/916,881	Applicant(s) WILCE ET AL.	
	Examiner JENNIFER LIVERSEDGE	Art Unit 3684	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
 - If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
 - Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 06 July 2009.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-13, 15, 16, 18 and 37-45 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-13, 15, 16, 18 and 37-45 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|---|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)
2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date _____. | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date _____.
5) <input type="checkbox"/> Notice of Informal Patent Application
6) <input type="checkbox"/> Other: _____. |
|---|---|

DETAILED ACTION

Response to Amendment

This Office Action is responsive to Applicant's amendment and request for reconsideration of application 09/916,881 filed on July 6, 2009.

The amendment contains original claims: 9-12, 15, 43.

The amendment contains previously presented claims: 2-8, 13, 37-41, 44.

The amendment contains amended claims: 1, 16, 18, 42.

Claims 14, 17 and 19-36 have been canceled.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

Claims 1-11, 15-16, 18 and 37-45 are rejected under 35 U.S.C. 103(a) as being unpatentable over US Pub 2002/0188539 A1 to Axelrad et al. (further referred to as Axelrad), in view of US Pub 2001/0049651 A1 to Selleck (further referred to as Selleck), and further in view of US Pub 2002/0069156 A1 to Adam et al. (further referred to as Adam).

Regarding claim 1, Axelrad discloses a processor-implemented method for facilitating definition of a transaction agreement associated with a product type, comprising:

Automatically determining via a processor an agreement type based on a product type (Figure 2; paragraphs 8, 10, 30, 35, 52, 54); and

Determining, in accordance with the agreement type, an agreement term between a party and a counter-party (Figure 2; paragraphs 8, 10, 30, 35, 52, 54).

Axelrad does not disclose a plurality of product types with a plurality of transaction instruments associated with the product types. However, Selleck discloses a plurality of product types with a plurality of transaction instruments associated with the product types (Figure 2; paragraphs 2833, 42, 61, 66-82, 94, 99, 103, 111, 149, 165, 193, 216, 228, 236, 243). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the determining of an agreement based on a variety of fund documents associated with and organized by a plurality of equity funds based on fund firm, fund family and specific funds as disclosed by Axelrad to adapt the

use of a plurality of product types with associated plurality of transaction instruments as disclosed by Selleck. The motivation would have been that the same document determination and selection process would have been used for determining the documents to be used when selected from amongst a plurality of equity firms, fund families, and specific funds as for a variety of products such as commodities products, stocks products, index products, etc.

Neither Axelrad nor Selleck disclose a covered products matrix containing a plurality of product types, transaction instruments and additional party/counter-party agreement information. However, Adam discloses a covered products matrix containing a particular product type, transaction instruments and additional party/counter-party agreement information (Figure 4; paragraphs 25, 30, 56-58). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the document determination and selection process based on a plurality of products and transaction instruments as disclosed by the combination of Axelrad and Selleck to organize such data in a matrix as disclosed by Adam. The motivation would have been that storing data in a matrix provides for efficient computational analysis and automated decision making where data is logically, relationally and systematically stored in conventional matrix format.

Regarding claim 16, Axelrad discloses a processor-implemented method for facilitating definition of a transaction agreement associated with a product type, comprising:

Determining via a processor an agreement type (Figure 2; paragraphs 8, 10, 30, 35, 52, 54);

Determining an agreement term (Figure 2; paragraphs 8, 10, 30, 35, 52, 54); and

Generating an indication based on an evaluation of the agreement type and the agreement term (Figures 2-3; paragraphs 30, 32, 35, 38, 52, 54); and

Evaluating the agreement type and the agreement term based on the financial product type (Figures 2-3; paragraphs 30, 32, 35, 38, 54).

Axelrad does not disclose a plurality of financial product types. However, Selleck discloses a plurality of financial product types (Figure 2; paragraphs 2833, 42, 61, 66-82, 94, 99, 103, 111, 149, 165, 193, 216, 228, 236, 243). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the determining of an agreement based on a variety of fund documents associated with and organized by a plurality of equity funds based on fund firm, fund family and specific funds as disclosed by Axelrad to adapt the use of a plurality of product types as disclosed by Selleck. The motivation would have been that the same document determination and selection process would be used for determining the documents to be used when selected from amongst a plurality of equity firms, fund families, and specific funds as for a variety of products such as commodities products, stocks products, index products, etc.

Neither Axelrad nor Selleck disclose a covered products matrix containing a plurality of product types, transaction instruments and additional party/counter-party agreement information. However, Adam discloses a covered products matrix containing a particular product type, transaction instruments and additional party/counter-party agreement information (Figure 4; paragraphs 25, 30, 56-58). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the document determination and selection process based on a plurality of products and transaction instruments as disclosed by the combination of Axelrad and Selleck to organize such data in a matrix as disclosed by Adam. The motivation would have been that storing data in a matrix provides for efficient computational analysis and automated decision making where data is logically, relationally and systematically stored in conventional matrix format.

Regarding claim 42, Axelrad discloses an apparatus for facilitating definition of a transaction agreement associated with a product type, comprising:

A processor (Figure 1; paragraphs 8, 25, 30); and

A storage device in communication with said processor and storing instructions (Figure 1; paragraphs 8, 25, 30) adapted to be executed by said processor to:

Automatically determine an agreement type based on the product type (Figure 2; paragraphs 8, 10, 30, 35, 52, 54); and

Determine, in accordance with the agreement type, an agreement term between a party and a counter-party (Figure 2; paragraphs 8, 10, 30, 35, 52, 54).

Axelrad does not disclose a plurality of product types. However, Selleck discloses a plurality of product types (Figure 2; paragraphs 2833, 42, 61, 66-82, 94, 99, 103, 111, 149, 165, 193, 216, 228, 236, 243). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the determining of an agreement based on a variety of fund documents associated with and organized by a plurality of equity funds based on fund firm, fund family and specific funds as disclosed by Axelrad to adapt the use of a plurality of product types as disclosed by Selleck. The motivation would have been that the same document determination and selection process would be used for determining the documents to be used when selected from amongst a plurality of equity firms, fund families, and specific funds as for a variety of products such as commodities products, stocks products, index products, etc.

Neither Axelrad nor Selleck disclose a covered products matrix containing a plurality of product types, transaction instruments and additional party/counter-party agreement information. However, Adam discloses a covered products matrix containing a particular product type, transaction instruments and additional party/counter-party agreement information (Figure 4; paragraphs 25, 30, 56-58). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the document determination and selection process based on a plurality of products and transaction instruments as disclosed by the combination of Axelrad and Selleck to organize such data in a matrix as disclosed by Adam. The motivation would have been

that storing data in a matrix provides for efficient computational analysis and automated decision making where data is logically, relationally and systematically stored in conventional matrix format.

Regarding claim 45, Axelrad discloses a processor-readable medium storing instructions adapted to be executed by a processor to perform a method of facilitating definition of a transaction agreement associated with a product type (Figure 1; paragraphs 8, 25, 30), said method comprising:

Automatically determine an agreement type based on the product type (Figure 2; paragraphs 8, 10, 30, 35, 52, 54); and

Determining, in accordance with the agreement type, an agreement term between a party and a counter-party (Figure 2; paragraphs 8, 10, 30, 35, 52, 54).

Axelrad does not disclose a plurality of product types. However, Selleck discloses a plurality of product types (Figure 2; paragraphs 2833, 42, 61, 66-82, 94, 99, 103, 111, 149, 165, 193, 216, 228, 236, 243). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the determining of an agreement based on a variety of fund documents associated with and organized by a plurality of equity funds based on fund firm, fund family and specific funds as disclosed by Axelrad to adapt the use of a plurality of product types as disclosed by Selleck. The motivation would have been that the same document determination and selection process would be used for determining the documents to be used when selected from

amongst a plurality of equity firms, fund families, and specific funds as for a variety of products such as commodities products, stocks products, index products, etc.

Neither Axelrad nor Selleck disclose a covered products matrix containing a plurality of product types, transaction instruments and additional party/counter-party agreement information. However, Adam discloses a covered products matrix containing a particular product type, transaction instruments and additional party/counter-party agreement information (Figure 4; paragraphs 25, 30, 56-58). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the document determination and selection process based on a plurality of products and transaction instruments as disclosed by the combination of Axelrad and Selleck to organize such data in a matrix as disclosed by Adam. The motivation would have been that storing data in a matrix provides for efficient computational analysis and automated decision making where data is logically, relationally and systematically stored in conventional matrix format.

Regarding claim 2, the combination of Axelrad, Selleck and Adam disclose wherein the covered products matrix is associated with at least one of a plurality of product types or a plurality of transaction instruments (see the rejection of claim 1 where the same art, rationale and reasoning apply).

Regarding claim 3, Axelrad discloses wherein at least one covered product type comprises an equity product, a stock product, an index product, a fixed income product, a bond product, a bank loan product, a whole loan product, an interest rate product, a credit derivative product, a commodity product, a metal product, an energy product, or an agricultural product (Figure 2; paragraphs 3, 8).

Regarding claim 4, Axelrad discloses wherein at least one transaction instrument comprises a swap instrument, an option instrument, a buy instrument, a sell instrument, a call instrument, a put instrument, a forward instrument, a pre-paid forward instrument, a spot instrument, a repurchase agreement instrument, a loan instrument, a warrant instrument, or a contract for differences instrument (paragraphs 25-26, 52).

Regarding claim 5, neither Axelrad nor Selleck disclose where a covered products matrix further includes at least one of an indication of approval, an indication of disapproval, an indication of a pending status, compliance authorization information, default information, party information, counter-party information, legal information, master agreement information or credit information. However, Adam discloses where a covered products matrix further includes at least one of an indication of approval, an indication of disapproval, an indication of a pending status, compliance authorization information, default information, party information, counter-party information, legal information, master agreement information or credit information (Figure 4). Given the combination of Axelrad, Selleck and Adam from above, it would have been further

obvious to one of ordinary skill in the art at the time of the invention to modify the covered products matrix as disclosed by the combination to further adapt the matrix including information such as party information and counter-party information as disclosed by Adam. The motivation would have been that the documents are selected and generated based on the information in the matrix and therefore having such relevant data available is important for the document generation process, particularly as such information is central to agreement formation.

Regarding claim 6, Axelrad discloses wherein the transaction agreement is associated with at least one of a set of rights between the party and the counter-part or a legal contract (paragraphs 53-54).

Regarding claim 7, Axelrad discloses wherein the agreement type is associated with at least one of a set of rights between the party and the counter-party, a legal contract, a product type, a monetary amount, a transaction instrument, the party or the counter-party (paragraphs 8, 30, 52-54).

Regarding claim 8, Axelrad discloses wherein the agreement term is associated with at least one of a set of rights between the party and the counter-party, a legal contract, a product type, a monetary amount, a transaction instrument, the party or the counter-party (paragraphs 8, 30, 52-54).

Regarding claim 9, Axelrad discloses wherein said determining an agreement type comprises determining a general document type and determining a refinement to the general document type (paragraphs 8, 30, 52-54).

Regarding claim 10, Axelrad discloses wherein said automatically determining the agreement term comprises defining the agreement term based on a pre-stored default transaction term (Figure 3; paragraphs 30, 52-54).

Regarding claim 11, Axelrad discloses wherein said automatically determining the agreement term comprises defining the agreement term based on information received from a user of an agreement modeling system (paragraphs 30, 52-54).

Regarding claim 15, Axelrad discloses automatically determining the agreement term based on the product type (paragraphs 8, 30, 52-53). Axelrad does not disclose a plurality of products. However, Selleck discloses a plurality of products (Figure 2; paragraphs 2833, 42, 61, 66-82, 94, 99, 103, 111, 149, 165, 193, 216, 228, 236, 243). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the determining of an agreement based on a variety of fund documents associated with and organized by a plurality of equity funds based on fund firm, fund family and specific funds as disclosed by Axelrad to adapt the use of a plurality of product types as disclosed by Selleck. The motivation would have been that the same document determination and selection process would be used for determining the

documents to be used when selected from amongst a plurality of equity firms, fund families, and specific funds as for a variety of products such as commodities products, stocks products, index products, etc.

Regarding claim 18, Axelrad discloses wherein the indication is provided to at least one of a user of an agreement modeling system or a satellite system (Figure 2; paragraphs 9, 52-54).

Regarding claim 37, Axelrad discloses wherein the transaction agreement is associated with an equity fund product (paragraphs 3, 8). Axelrad does not disclose wherein the transaction agreement is associated with at least one of a risk management transaction, an over the counter product, an equity derivative, a commodity transaction, an electricity transaction, a foreign exchange transaction, a currency option, a bond option, a synthetic agreement for forward exchange, a reciprocal purchase agreement, an interest rate swap, an interest rate cap, an interest rate collar, an interest rate floor, a forward rate agreement, a forward rate bill agreement or an option to enter into an underlying interest rate swap transaction. However, Selleck discloses wherein the transaction agreement is associated with at least one of a risk management transaction, an over the counter product, an equity derivative, a commodity transaction, an electricity transaction, a foreign exchange transaction, a currency option, a bond option, a synthetic agreement for forward exchange, a reciprocal purchase agreement, an interest rate swap, an interest rate cap, an interest rate collar, an interest rate floor, a

forward rate agreement, a forward rate bill agreement or an option to enter into an underlying interest rate swap transaction (Figure 2; paragraphs 33, 61, 67-82, 99).

Given the combination of Axelrad, Selleck and Adam above, it would have been further obvious that the transaction agreement is associated with the items as listed and disclosed by Selleck. The motivation would have been that the transactions as disclosed by Selleck are intended to cover all available trades that an investor could enter into and therefore it would have been obvious that any and all of those transactions will need the proper transacting and documentation.

Regarding claim 38, Axelrad does not disclose wherein the transaction agreement comprises at last one of an International Swap Dealers Association ® agreement, a foreign exchange & options master agreement, an agreement associated with one or more currencies, or an agreement associated with one or more jurisdictions. However, Selleck discloses wherein the transaction agreement comprises at last one of an International Swap Dealers Association ® agreement, a foreign exchange & options master agreement, an agreement associated with one or more currencies, or an agreement associated with one or more jurisdictions (paragraphs 127, 262). Given the combination of Axelrad, Selleck and Adam above, it would have been further obvious that the transaction agreement comprises at least one of the items as listed and disclosed by Selleck. The motivation would have been that the transactions as disclosed by Selleck are intended to cover all available trades and for all investors across the globe, hence it would have been obvious that a trade market spanning such

a set of investment products and markets would include such agreements as those associated with multiple jurisdictions and across multiple currencies.

Regarding claim 39, Axelrad discloses wherein the transaction agreement includes at least one of date information, agreement interpretation information, obligation information, representation information, sub-agreement information, default event information, termination event information, transfer information, expenses information, notice information, governing law information, definition information, a master agreement, a schedule to a master agreement, or at least one addenda to a master agreement (paragraphs 30, 38-39, 51, 54, 58).

Regarding claim 40, Axelrad discloses wherein the transaction agreement is associated with at least one agreement fact, and further wherein the at least one agreement fact comprises at least one of a party identifier, a counter-party identifier, an agreement identifier, a name, address information, contact information, an effective date, an expiration date, an area of origin, an indication of governing law, an area of organization, a standard industrial classification code, a functional business area, or beneficial ownership information (paragraphs 30, 38-39, 51, 54, 58).

Regarding claim 41, Axelrad discloses wherein the at least one agreement fact is associated with at least one of a data type, a data source, a security class or an attribute (paragraphs 30, 38-39, 51, 54, 58).

Regarding claim 43, Axelrad discloses wherein the storage device further stores an agreement information database (Figures 1-3; paragraphs 25, 29-30).

Regarding claim 44, Axelrad discloses a communication device coupled to said processor and adapted to communicate with at least one of a client device, an agreement modeling system controller or a satellite system (Figure 1; paragraphs 24, 26).

Claims 12-13 are rejected under 35 U.S.C. 103(a) as being unpatentable over Axelrad, Selleck and Adam as applied to claim 1 above, and further in view of US Pub 2002/0198833 A1 to Wohlstadter (further referred to as Wohlstadter).

Regarding claim 12, neither Axelrad, Selleck nor Adam disclose defining the agreement term based on information received from a satellite system. However, Wohlstadter discloses defining an agreement term based on information received from a satellite system (paragraphs 104-108). It would have been obvious to one of ordinary skill in the art to modify the receipt of information over a communication network for conducting transactions related to financial products as disclosed by the combination of Axelrad, Selleck and Adam to adapt the use of a satellite as disclosed by Wohlstadter. The motivation would have been that a satellite is one of many well known means by which information is communicated among parties in a wireless system.

Regarding claim 13, neither Axelrad, Selleck nor Adam disclose wherein the satellite system comprises at least one of a business system, a legal system, a compliance system, a credit system, a treasury system, or an operations system. However, Wohlstadler discloses wherein the satellite system comprises at least one of a business system, a legal system, a compliance system, a credit system, a treasury system, or an operations system (paragraphs 104-108). Given the combination of Axelrad, Selleck, Adam and Wohlstadler above, it would have been further obvious to adapt the inclusion of at least one of the systems listed above within the satellite system as disclosed by Wohlstadler. The motivation would have been that these systems are listed are the types of systems most often used in obtaining information for the generation of agreements and contracts and are used in the general fields of business, legal, etc. in order to process the information received within a framework of generating agreements and contracts.

Response to Arguments

Applicant's arguments, filed July 6, 2009, with respect to the 101 rejection have been fully considered and are persuasive. The 101 rejection of claims 1-13, 15-16, 18 and 37-41 has been withdrawn. The previously cited 101 rejection was based on the recent Bilski decision. By the present amendment, the method claims contain at least one of the central method steps being tied to a particular machine or apparatus, namely

a processor with the determining of an agreement type, and therefore meet the requirements of 101.

Applicant's arguments filed July 6, 2009, with respect to the prior art rejection, have been fully considered but they are not persuasive. Applicant argues that Adam does not disclose a covered products matrix which includes a plurality of product types, transaction instruments, and additional party/counter-party agreement information. As detailed in the rejection above, Axelrad discloses determining an agreement type based on a product type as well as agreement terms between parties and counter-parties. Selleck discloses a plurality of product types with a plurality of transaction instruments associated with the product types. From there, Adam teaches a covered products matrix for a particular product type, transaction instruments, and additional party/counter-party information. It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the document determination and selection process based on a plurality of products and transaction instruments as disclosed by the combination of Axelrad and Selleck to organize such data in a matrix as disclosed by Adam, the motivation would have been that storing data in a matrix provides for efficient computational analysis and automated decision making where data is logically, relationally and systematically stored in conventional matrix format.

Examiner notes that the inclusion of "additional party/counter-party agreement information" in the matrix is a newly amended claim limitation. Adam specifically discloses this feature in figure 4 (item 70) and in paragraphs 56-57. In these portions,

Adam discloses that party and counter-party information is displayed such as identity of buy and/or seller, preferred shipping choice, creditworthiness, payment history, etc.

Applicant has further argued that examiner failed to provide an indication of the level of ordinary skill in the art. However, examiner contends that the prior art of record represents the level of ordinary skill in the art at the time of the invention. Accordingly, the determination as to the level of ordinary skill has not been unevaluated, it just was not elaborated on in the rejection. With regards to that point, examiner notes the following:

The Supreme Court's decision in *KSR International Co. v. Teleflex Inc.* (*KSR*) reaffirmed that a determination of obviousness under 35 U.S.C. § 103 rests on the factual inquiries set forth in *Graham v. John Deere Co.* (*Graham*):

"Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined. . . ."

. . . [T]he [*Graham*] factors continue to define the inquiry that controls.

KSR, 550 U.S. ___, 82 USPQ2d 1385, 1391 (2007), quoting *Graham*, 383 U.S. 1, 17-18 (1966).

In accordance with statute and case law, the MPEP instructs examiners that "[t]he question of obviousness must be resolved on the basis of [the *Graham*] factual determinations." MPEP 2141(II). With regard to the issue of ordinary skill, MPEP 2141(II) continues: "In certain circumstances, it may also be important to include explicit findings as to how a person of ordinary skill would have understood prior art teachings, or what a person of ordinary skill would have known or could have done." The Manual also states at MPEP 2141(II)(C), "Any obviousness rejection should include, either explicitly or implicitly in view of the prior art applied, an indication of the level of ordinary skill."

The question regarding explicit statements of the level of ordinary skill is addressed at MPEP 2141.03(II):

SPECIFYING A PARTICULAR LEVEL OF SKILL IS NOT NECESSARY
WHERE THE PRIOR ART ITSELF REFLECTS AN APPROPRIATE LEVEL

If the only facts of record pertaining to the level of skill in the art are found within the prior art of record, the court has held that an invention may be held to have been obvious without a specific finding of a particular level of skill where the prior art itself reflects an appropriate level. *Chore-Time Equip., Inc. v. Cumberland Corp.*, 713 F.2d 774, 218 USPQ 673 (Fed. Cir. 1983). See also *Okajima v. Bourdeau*, 261 F.3d 1350, 1355, 59 USPQ2d 1795, 1797 (Fed. Cir. 2001).

Thus, it is the position of the Office that an examiner is only required to make a statement on the record as to the level of ordinary skill when the level of ordinary skill is at issue in the case and is not adequately reflected in the record. Evidence of the level of ordinary skill will most often be found in the prior art of record, but other documents that are part of the application file may also be relevant. This position is adequately supported in case law. “We hold only that an invention may be held to have been either obvious (or nonobvious) without a specific finding of a particular level of skill or the reception of expert testimony on the level of skill where, as here, the prior art itself reflects an appropriate level and a need for such expert testimony has not been shown.” *Chore-Time Equip., Inc. v. Cumberland Corp.*, 713 F.2d 774, 779 n.2 (Fed. Cir. 1983). “Although the Board did not make a specific finding on skill level, it did conclude that the level of ordinary skill in the art of asbestos removal and contamination control was best determined by appeal to the references of record” *In re GPAC Inc.*, 57 F.3d 1573, 1579 (Fed. Cir. 1995). “Judge Pfaelzer discussed various factors involved in determining ordinary skill in the art, but did not specify a particular level applicable here. Nor need she have done so, for the parties are in agreement that their respective chemical expert witnesses with extensive backgrounds in sulfur chemistry are persons of ordinary skill in the art.” *Envtl. Designs, Ltd. v. Union Oil Co.*, 713 F.2d 693, 697 (Fed. Cir. 1983). A recent non-precedential case also supports the position of the Office: “[I]t is well-established that in certain situations, such as with relatively simple and understandable technology, a specific finding on the level of ordinary skill in the art is unnecessary because the prior art itself is representative of the relevant level of ordinary skill.” *Printguard, Inc. v. Anti-Marking Systems, Inc.*, 2008 WL 245415, at *11 (D. Mass. 2008) (citing *Chore-Time* at 779 & n.2).

The Board of Patent Appeals and Interferences (Board) has also taken the position that the level of ordinary skill can be implicit in the record. *Ex parte Jud*, 85 USPQ2d 1280, 2006 WL 4080053 (Bd. Pat. App. & Interf. 2007) is an expanded panel Decision on Request for Rehearing which has been designated as informative; it is available on the Board’s web site at <http://www.uspto.gov/web/offices/dcom/bpai/its/rh061061.pdf>. In that case, the expanded panel declined to overturn the original panel’s affirmance of the examiner’s obviousness rejection. The appellant had argued “that the [original panel of the] Board misapprehended or overlooked the requirement that a determination of the level of ordinary skill in the art must be made in the record as part of an obviousness determination.” *Id.* at 1281, 2006 WL 4080053 at *1. The

Board did not agree. First, the Board explained that in general, evidence for the level of ordinary skill might be found in the applicant's disclosure, in the prior art references of record in the case, and in declarations or other testimony. *Id.* at 1282-83, 2006 WL 4080053 at *1. Commenting further about the role of the references, the Board stated:

Prior art references are cited precisely because they show what those skilled in the art would have known and been able to do before the effective filing date for the application. When used in combination, prior art references may even reveal a continuum of knowledge and ability greater than the sum of their separate, express disclosures.

Id. at 1282-83, 2006 WL 4080053 at *1. Then, the Board addressed the particulars of the case before it, and stated that “[b]y outlining what one would know from references, the examiner met her burden to establish the skill level in the way it is typically met during examination.” *Id.* at 1284, 2006 WL 4080053 at *5. Thus, it is clear that the Board recognizes that examiners may continue to address the level of ordinary skill implicitly by an appropriate assessment of the prior art.

The Manual provides guidance for examiners who are faced with the need to resolve the level of ordinary skill in a given art.

Factors that may be considered in determining the level of ordinary skill in the art may include: (1) “type of problems encountered in the art;” (2) “prior art solutions to those problems;” (3) “rapidity with which innovations are made;” (4) “sophistication of the technology; and” (5) “educational level of active workers in the field. In a given case, every factor may not be present, and one or more factors may predominate.”

MPEP 2141(II)(C) (internal citations omitted). The Supreme Court in *KSR* has also reminded examiners that they may take into account “the inferences and creative steps that a person of ordinary skill in the art would employ.” *KSR* at ___, 82 USPQ2d at 1396. The Federal Circuit has confirmed that examiners should be “informed by their scientific knowledge, as to the meaning of prior art references to persons of ordinary skill in the art.” *In re Berg*, 320 F.3d 1310, 1315 (Fed. Cir. 2003).

It is true that in the *Ruiz* decision, the Federal Circuit remanded to the district court because it had “erred in failing to make sufficient findings as required by *Graham*.” *Ruiz* at 673. The Federal Circuit also stated in that case that “[t]he determination of the level of ordinary skill in the art is an integral part of the *Graham* analysis.” *Id.* at 666. However, the court nevertheless acknowledged that “[s]ome of our cases indicate that the failure to make explicit findings on the level of ordinary skill is not always reversible error.” *Id.* at 667, citing *Kloster Speedsteel AB v. Crucible Inc.*, 793 F.2d 1565, 1574 (Fed. Cir. 1986); *Union Carbide Corp. v. American Can Co.*, 724 F.2d 1567, 1573 (Fed. Cir. 1984); and *Chore-Time*, 713 F.2d at 779 n.2. Thus, the Federal

Circuit has recognized, even in the context of litigation, that not every determination of obviousness requires an explicit finding as to the level of ordinary skill.

Furthermore, it is well-established Federal Circuit law that the court must sit *en banc* in order to overrule an earlier panel decision. *See, e.g., South Corp. v. United States*, 690 F.2d 1368, 1370-71 & n.2. In other words, a later panel cannot overrule an earlier panel. Therefore, even if the members of the *Ruiz* panel had believed the holding of *Chore-Time* cited above to be unsound, they were without legal authority to overturn it.

Finally, the Supreme Court's statement in *Graham* regarding ordinary skill should be recalled: "Under § 103, . . . the level of ordinary skill in the pertinent art [is to be] resolved." *Graham* at 17. What *Graham* requires is that the level of ordinary skill be resolved, not that an examiner spend time reiterating what is already clear on the record. If the level of ordinary skill is clear in view of the record, it has been resolved and the mandate of *Graham* is met. An examiner is not required to make findings as to the level of ordinary skill when the level of ordinary skill is not at issue in the case

Additionally, with regards to applicant's assertion of impermissible hindsight, examiner it must be recognized that any judgment on obviousness is in a sense necessarily a reconstruction based upon hindsight reasoning. But so long as it takes into account only knowledge which was within the level of ordinary skill at the time the claimed invention was made, and does not include knowledge gleaned only from the applicant's disclosure, such a reconstruction is proper. *See In re McLaughlin*, 443 F.2d 1392, 170 USPQ 209 (CCPA 1971).

Again, with respect to level of ordinary skill in the art at the time of the invention, examiner contends that the prior art represents the level of ordinary skill and therefore the combination of the elements from the prior art references of record is proper.

Conclusion

Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication should be directed to Jennifer Liversedge whose telephone number is 571-272-3167. The examiner can normally be reached on Monday - Friday, 8:30 AM - 5 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Kambiz Abdi can be reached at 571-272-6702. The fax number for the organization where the application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for

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published applications may be obtained from either Private PAIR or Public PAIR.

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you have questions on access to the Private PAIR system, contact the Electronic

Business Center (EBC) at 866-217-9197 (toll-free).

/Jennifer Liversedge/

Examiner, Art Unit 3684